

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	17833	Agenda Number	85.
Meeting Date:	8/23/2012		Department:	Finance	
Subject					
Approve an ordinance authorizing the issuance of City of Austin Certificates of Obligation, Series 2012 in an amount not to exceed \$25,890,000, and all related documents, and approve related fees. These funds will be used for environmental remediation projects, transportation projects, golf course improvements, Turner Roberts Multi-Purpose Pavilion and the Waller Creek Tunnel Project.					
Amount and Source of Funding					
\$1,774,500 for the first year debt service requirement and estimated annual administration fee of \$400 for the paying agent/registrar for the proposed Certificate of Obligation sale is included in the 2012-2013 Proposed Operating Budget of the General Obligation Debt Service Fund.					
Fiscal Note					
There is no unanticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:	Council approved Reimbursement Resolutions related to this bond issuance on 03/08/07, 11/19/09, 09/13/10, 02/09/12, 03/22/12, and 05/24/12; the notice of intention to issue certificates on 06/28/12; and the Bond Sale Schedule on 08/16/12.				
For More Information:	Art Alfaro, Treasurer 974-7882				
Boards and Commission Action:					
MBE / WBE:					
Related Items:					
Additional Backup Information					

On June 28, 2012, Council authorized publication of an Official Notice of Intention to Issue Certificates of Obligation. The financing of the projects is consistent with the Financial Policies for the use of non-voter approved debt listed in Attachment A. See Attachment B for the schedule of project costs and useful life.

Highlights of the proposed Certificates of Obligation sale include:

- Harold Court Remediation, \$355,000
- Rosewood & Loop 360 Landfill Remediation, \$1,475,000
- Transportation Projects / IH 35 Makeover Project, \$10,000,000
- Turner Roberts Multi-Purpose Pavilion, \$3,160,000
- Waller Creek Tunnel, \$10,000,000
- William Morris Golf Course Improvements, \$900,000

The entire amount of Certificates of Obligation is being issued to provide funding for reimbursement resolutions previously approved by Council. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure is incurred. The action is required by the IRS and Treasury rules. The City generally submits reimbursement resolution for Council consideration as part of the annual budget adoption in September, the same time as the new capital appropriations are adopted.

Electronic bids will be accepted beginning at 9:00 a.m. Central Daylight Time ("CDT") and ending at 9:30 a.m. CDT, on Thursday, August 23, 2012. Bids will be verified by the City's Financial Advisor, Public Financial Management, Inc.

This item is posted for not later than 2:00 p.m. to allow City Council action prior to the close of financial markets.

The Debt Service Cost for the \$25,890,000 issuance is estimated as follows:

	2012-2013	Total Cost over 25 Years	Average Per Year
Principal	\$480,000	\$25,890,000	\$1,035,600
Interest	<u>\$1,294,500</u>	<u>\$17,467,000</u>	<u>\$698,680</u>
Total Debt Service	\$1,774,500	\$43,357,000	\$1,734,280

Of the \$25,890,000, \$12,560,000 will be tax supported and \$13,330,000 will be self-supporting debt paid by transfers to the General Obligation Debt Service Fund from City operating and tax increment financing funds.